

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2017

Docket No. ACR2017

CHAIRMAN'S INFORMATION REQUEST NO. 9

(Issued January 25, 2018)

To clarify the Postal Service's FY 2017 Annual Performance Report (*FY 2017 Report*) and FY 2018 Annual Performance Plan (*FY 2018 Plan*),¹ the Postal Service is requested to provide written responses to the following requests. Answers should be provided to individual requests as soon as they are developed, but no later than February 1, 2018.

High-Quality Service

1. Please confirm that the Postal Service continues to use competitive products as non-public performance indicators for the High-Quality Service performance goal.²
 - a. If confirmed, please provide FY 2014 to FY 2017 results and FY 2017 and FY 2018 targets for each competitive products performance indicator.
 - b. If the Postal Service did not meet a FY 2017 target for a competitive products performance indicator, please explain why and describe the FY

¹ The *FY 2017 Report* and *FY 2018 Plan* are included in the Postal Service's FY 2017 *Annual Report to Congress*, which the Postal Service filed with the FY 2017 *Annual Compliance Report*. See Library Reference USPS–FY17–17, United States Postal Service FY 2017 Annual Report to Congress, December 29, 2017 (*FY 2017 Annual Report*).

² See Docket No. ACR2016, Analysis of the Postal Service's FY 2016 Annual Performance Report and FY 2017 Performance Plan, April 27, 2017, at 25 n.27 (*FY 2016 Analysis*).

2018 plans and schedules to meet the FY 2018 target. See 39 U.S.C. § 2804(d)(3).

2. The Postal Service states that of the mail included in the Marketing Mail and Periodicals Composite, approximately two-thirds is Marketing Mail letters and the remaining one-third is Marketing Mail flats and Periodicals. *FY 2017 Annual Report* at 15. Please provide the volumes of Periodicals, Marketing Mail letters, and Marketing Mail flats the Postal Service uses to calculate Marketing Mail and Periodicals Composite results.
3. The Postal Service explains that while it met the FY 2017 target for the Marketing Mail and Periodicals Composite, “[t]emporary disruptions in any of the mail distribution, network transportation or delivery processes” contributed to missing the FY 2017 targets for Single-Piece and Presorted First-Class Mail. *Id.* at 16. Please explain how these disruptions contributed to the First-Class Mail performance indicators missing FY 2017 targets, but did not cause the Marketing Mail and Periodicals Composite to miss the FY 2017 target.
4. The *FY 2018 Plan* states that the Postal Service will “implement improved software to generate better daily operational plans.” *Id.* Please explain how improved software will help the Postal Service meet FY 2018 targets for the High-Quality Service performance goal.
5. The *FY 2018 Plan* states that it will “continue to develop and deploy more precise tools . . . to scan and track mail at every step of the mail-handling process.” *Id.* Please explain how the enhanced tracking will be used to meet the High-Quality Service performance indicator targets in FY 2018.
6. The *FY 2018 Plan* states that it will “improve procedures and deploy new technologies to improve the efficiency of our mail-handling and delivery processes.” *Id.* Please identify these improved procedures and new technologies and explain how they will improve efficiency.

7. The *FY 2018 Plan* states that it will implement operational changes including increasing the amount of advanced mail, ensuring that all late arrival mail is captured, and improving delivery point sequencing procedures. *Id.*
- a. Please explain how the Postal Service plans to increase the amount of advanced mail.
 - b. Please explain how Postal Service plans to ensure that all late arrival mail is captured.
 - c. Please explain how the Postal Service plans to improve delivery point sequencing procedures.

Safe Workplace and Engaged Workforce

8. Please explain the methodology for calculating Total Accidents Rate targets and results at the national or corporate level. In the response, please provide supporting workpapers showing the derivation of Total Accidents Rate results from FY 2014 to FY 2017 and targets for FY 2017 and FY 2018.
9. Please refer to the “Accident Count by Type” table that shows the number of accidents by type in FY 2016 and FY 2017. See *id.* at 19.
- a. The “Accident Count by Type” table shows that the total number of motor vehicle accidents increased from 29,120 in FY 2016 to 29,461 in FY 2017.
 - i. In Docket No. ACR2016, the Postal Service stated that there were 28,937 motor vehicle accidents in FY 2016 and 26,936 motor vehicle accidents in FY 2015.³ Please confirm the total number of motor vehicle accidents in FY 2015 and FY 2016. If necessary, please provide an updated “Accident Count by Type” table with revised numbers.

³ Docket No. ACR2016, Responses of the United States Postal Service to Questions 7-11 of Chairman’s Information Request No. 19, March 1, 2017, questions 7.a. and 7.b.

- ii. Please explain why motor vehicle accidents increased between FY 2016 and FY 2017.
 - iii. Please describe the steps the Postal Service has taken or will take to reduce the number of motor vehicle accidents in FY 2018.
 - b. The “Accident Count by Type” table states that the total number of accidents decreased from 93,546 in FY 2016 to 89,035 in FY 2017. In Docket No. ACR2016, the Postal Service described plans and timelines for improving workplace safety during FY 2017.⁴ Please explain whether these plans were implemented and, if so, how they contributed to reducing the total number of accidents in FY 2017.
10. Please provide the number of employees employed by the Postal Service as of September 30, 2017, with fewer than two years of on-the-job experience.
11. The Postal Service measures employee engagement using the Postal Pulse survey, which was administered to the entire Postal Service workforce in August and September of FY 2017. FY 2017 *Annual Report* at 19. The performance indicator for employee engagement is the Postal Pulse Survey Response Rate, which is “the percentage of employees who responded to the survey questions.”
- Id.*
- a. Please explain how the Postal Pulse survey was administered during FY 2017 (e.g., on site, on-the-clock implementation).
 - b. Please explain the methodology for calculating the Postal Pulse Survey Response Rate. In the response, please provide for FY 2017 the number of surveys administered and the number of employees who responded to the survey.

⁴ Docket No. ACR2016, Responses of the United States Postal Service to Questions 1-4 of Chairman’s Information Request No. 7, January 25, 2017, question 1.b. (Responses to CHIR No. 7).

- c. The Postal Pulse survey includes an opt-out box for employees who do not wish to participate in the survey. See FY 2016 *Analysis* at 52. Please explain whether the Postal Pulse Survey Response Rate includes employees who checked this opt-out response box.
12. Please provide the FY 2017 Postal Pulse survey mean scores for each item on the survey (including Item 0 on overall satisfaction).

Financial Health

13. The *FY 2017 Report* states that Deliveries per Total Work Hours, % Change results were 1.0 in FY 2014 and (1.1) in FY 2015. *FY 2017 Annual Report* at 14. In Docket No. ACR2016, the Postal Service reported results for this performance indicator as 0.6 in FY 2014 and 0.2 in FY 2015.⁵ Please reconcile these differences and confirm FY 2014 and FY 2015 results for Deliveries per Total Work Hours, % Change.
14. The Postal Service reported higher than expected costs for rent, utilities, and other expenses, and attributes this difference to vehicle fuel and maintenance expenses for its delivery fleet and information technology services. See *FY 2017 Annual Report* at 23. However, the *FY 2018 Plan* states that the Postal Service will improve High-Quality Service by “increas[ing] operational maintenance and the presence of maintenance personnel to reduce inefficiencies due to equipment failure.” *Id.* at 16.
- a. Please confirm that the *FY 2018* target for Controllable Income (Loss) incorporates the planned increase in operational maintenance and maintenance personnel. If confirmed, please indicate how the planned

⁵ Responses to CHIR No. 7, question 2.a.i. The performance indicator “Deliveries per Total Work Hours, % Change” was previously referred to as “Deliveries per Total Work Hours, % SPLY.” *FY 2017 Annual Report* at 24 n.5.

increase is allocated among the designated controllable expenses listed in the FY 2018 *Integrated Financial Plan*. See *id.* at 21.

- b. If not confirmed, please explain how the Postal Service will meet the FY 2018 Controllable Income (Loss) target while increasing operational maintenance and the presence of maintenance personnel.

Strategic Initiatives

- 15. The *FY 2017 Report* includes the Postal Service's FY 2017 and FY 2018 strategic initiatives. *Id.* at 27-28. The Postal Service states, "Each strategic initiative has a unique set of measures to track performance." *Id.* at 27.
 - a. Please briefly describe each FY 2017 strategic initiative and provide the performance measures the Postal Service used to track performance in FY 2017. Please provide FY 2017 targets and results, if applicable.
 - b. Please briefly describe each FY 2018 strategic initiative and provide the performance measures the Postal Service will use to track performance in FY 2018. Please provide FY 2018 targets, if applicable.

By the Chairman.

Robert G. Taub